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Top Secret

May 3, 1975

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Approved For Release 2007/03/06 : CIA-RDP79T00975A027700010006-8

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25X1

Approved For Release 2007/03/06 : CIA-RDP79T00975A027700010006-8

National Intelligence Bulletin

May 3, 1975

CONTENTS

PORTUGAL: Socialists and Communists step up verbal attacks against each other. (Page 1)

VIETNAM: Senior officers ordered detained. (Page 2)

USSR: Soviets restrained in treatment of communist victory in Vietnam. (Page 4)

25X1

IRAN - LATIN AMERICA: Shah to visit Venezuela and Mexico beginning Monday. (Page 6)

EC: Development of a common policy on raw materials under consideration. (Page 8)

25X1

25X1

Approved For Release 2007/03/06 : CIA-RDP79T00975A027700010006-8

National Intelligence Bulletin

May 3, 1975

PORTUGAL

Political tension has reached a serious level in Lisbon, with the Socialist and Communist parties stepping up their verbal attacks against one another. The Armed Forces Movement may feel compelled to intervene.

After trading charges with the Communists all day yesterday over the disruptions at the May Day celebration, the Socialists staged a protest demonstration last night. The crowd, which military police estimated at 60,000, including some supporters of the center-left Popular Democratic Party, marched through the streets of Lisbon chanting: "Socialism, yes; dictatorship, no."

25X1

Socialist Party leader Soares and Justice Minister Zenna addressed the crowd, which began to disperse around midnight without serious incident.

Earlier in the day, Mario Soares was summoned to meet with Prime Minister Goncalves and President Costa Gomes, reportedly to discuss the incidents of the previous day and the increasingly virulent exchanges between Socialists and Communists. The "inner" cabinet--the prime minister, three military ministers, and the chiefs of the four coalition parties who serve as ministers without portfolio--also met in emergency session.

The leaders of the Armed Forces Movement place a premium on interparty cooperation, but they might be tempted to use the current discord to further reduce the role of the parties in the government. The proposal to form a new party to collaborate with the Armed Forces Movement--first raised by Admiral Rosa Coutinho before the election--might also resurface.

25X1

National Intelligence Bulletin

May 3, 1975

VIETNAM

The communists in South Vietnam continue to give first priority to detaining officers of the defeated government and securing control over existing agencies and organizations.

25X1

Press reporting indicates that at least some captured officers are being held in "re-education camps" for indoctrination before their eventual release for employment in new jobs.

Former government administrators are subject to arrest as "country sellers," but the new regime apparently wants to keep government agencies intact. The communists probably intend to keep essential services functioning while they establish more pervasive control over the people. They are putting great stress on maintaining order among victorious units to prevent plundering.

Although labor leader Tran Quoc Buu, who has escaped the country, is labeled a traitor, the unions that belonged to his confederation will apparently be used by the communists as mechanisms for gaining control over unionized labor in Saigon. Existing unions are instructed to continue vocational activities, but they will be supervised by the communist "General Federation of Free Trade Unions." Members of Buu's defunct confederation have been given 24 hours to report to communist authorities, who presumably will exploit their knowledge of the unions to bring them rapidly under firm control.

National Intelligence BulletinMay 3, 1975

In its first major action toward a Southeast Asian neighbor since gaining control over all of Vietnam, Hanoi is leaning heavily on Thailand to return US-supplied military hardware taken to Thai bases by fleeing South Vietnamese. Claiming that this materiel belongs to the South Vietnamese people and therefore to the new communist administration, a Nhan Dan editorial warns: "The Vietnamese people can postpone considering other problems created by the Thai military dictatorial regime, but will never give up consideration of the present issue."

Nine South Korean embassy personnel and about 130 Korean civilians failed to make their escape from Saigon when the embassy closed there. Because of South Korea's earlier participation in the war, at least some of these people may be apprehended and dealt with harshly. Seoul is asking for help from third-country embassies still open in Saigon, including the French, Swedish, and Japanese missions.

25X1

National Intelligence Bulletin

May 3, 1975

USSR

The Soviets continue to be relatively restrained in their treatment of the communist victory in South Vietnam and appear to be looking for a lead from Hanoi before taking a clear-cut position on some of the crucial issues.

In a congratulatory message to North Vietnamese leader Le Duan on May 1, party chief Brezhnev referred to the installation in Saigon of an "administration," making no mention of the PRG in this context. This suggests that Moscow thinks that Hanoi would now just as soon deemphasize the governmental aspects of the PRG. A congratulatory message from the Soviet leadership to the PRG leaders, also delivered on May 1, wishes them success in implementing their "national aspirations," but pledges Soviet support for the "South Vietnamese patriots" rather than the PRG per se.

The Brezhnev message to Le Duan includes a paragraph regarding the tasks and problems now facing Hanoi. This may be one way of suggesting that the North Vietnamese submerge whatever inclinations they might have to become more adventuresome elsewhere in the region. Cited among the "numerous difficulties" facing Hanoi were the "actions by external forces hostile to the Vietnamese people's national interests." In using the term "external forces," when he might have used "imperialist forces," Brezhnev clearly meant to put China on the list of those Hanoi has to worry about.

Concern that the Chinese may stand to benefit from the US withdrawal may be one reason for Moscow's decision to refrain from direct criticism of the US. A Soviet press official went so far as to tell a US correspondent in Moscow that the USSR sees some future role for the US in Indochina. The official said that the USSR would be prepared to help the US establish a relationship with North Vietnam. Apart from a desire to show Soviet reasonableness, Moscow may be trying to convey the idea that the US and the USSR have some shared interests in Indochina and Southeast Asia that could be explored further.

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25X1

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National Intelligence Bulletin

May 3, 1975

IRAN - LATIN AMERICA

The Shah will begin a visit to Venezuela and Mexico on Monday before arriving in the US. He is seeking through personal diplomacy and bilateral arrangements to broaden Iran's political and economic ties to Latin America.

The Shah has singled out Venezuela and Mexico because they are oil producers. He and Venezuelan President Perez are both interested in closer cooperation within OPEC to set oil pricing and production policies and to balance attempts by some Arab states to use the organization for their political ends.

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The Shah's main interest in visiting Mexico is probably to assess Mexico's plans for developing and marketing its recently discovered oil. He probably will also try to persuade the Mexicans to join OPEC; Mexico has rebuffed similar attempts by Venezuela and other OPEC countries.

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Iran is not neglecting other Latin American countries. The establishment of relations with Cuba, Jamaica, and Panama in February and with Colombia in April brings to 14 the number of Latin American governments that now have diplomatic ties with Iran.

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25X1

Approved For Release 2007/03/06 : CIA-RDP79T00975A027700010006-8

Approved For Release 2007/03/06 : CIA-RDP79T00975A027700010006-8

National Intelligence BulletinMay 3, 1975

EC

The European Community is accelerating its development of a common policy on raw materials. The EC Nine face the problem of reconciling the demands of developing states for higher and more stable prices with their own need for secure access to raw materials. The EC's policy has barely begun to take shape, but there is an underlying attitude that at least some of the demands must be taken seriously.

Since the collapse last month of the preparatory conference of oil-producing and oil-consuming states, most major industrial nations now concede that they must accept as a political reality the link between raw materials and energy made by the developing and oil-producing states. The industrialized states are looking for ways to regain the initiative by making proposals that recognize some of the fundamental demands put forth by the underdeveloped nations.

The OECD is scheduled to hold a ministerial meeting this month that will bring together most industrialized importers of raw materials to discuss strategy for the special session of the UN General Assembly on economic development next September. The EC Commission does not expect to finish work on a coordinated policy by the end of the month but hopes that the community can agree on general guidelines.

An EC Commission study group is examining several approaches to the resource problem:

- processing of more raw materials in producer countries;
- linking the prices of raw materials to the prices of manufactured goods;
- long-term commodity agreements for foodstuffs;
- establishment of international buffer stocks of some commodities to dampen price fluctuations; and

National Intelligence BulletinMay 3, 1975

--extension on a worldwide basis of agreements to stabilize export earnings of developing states patterned after the Lomé Convention, which links the EC and 46 developing states.

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[REDACTED]

[REDACTED] Since an early decision by the Commission is unlikely, the Nine are coordinating their national positions through their permanent representatives in Brussels.

The review of raw materials policy now under way in West Germany underscores the importance that the EC members attach to the resource problem. It also demonstrates the difficulties the Nine face in reconciling differences within their own governments, let alone within the community as a whole. Bonn's review started several months ago and has made only limited progress.

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[REDACTED]

The UK is currently meeting in Jamaica with 33 Commonwealth states to try to gain support for London's new proposals on the problem of raw materials. The British are offering to compromise on some points and hope that a positive response by the less radical developing states among the Commonwealth members will set the stage for broader and constructive talks at the UN.

The preliminary reaction of the developing states attending the Commonwealth meeting has not been encouraging. The Guyanese Prime Minister bitterly rejected the proposals as "reformist rather than revolutionary." The Guyanese thus seemed to be voicing the

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National Intelligence Bulletin

May 3, 1975

hard line taken by radical developing states such as Algeria. He also called for shifting the terms of trade in favor of developing states and restructuring international economic and financial institutions to allow the developing states a greater voice.

Approved For Release 2007/03/06 : CIA-RDP79T00975A027700010006-8

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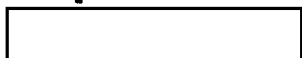
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Top Secret

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